



gray

Television • Digital • Mobile

Gray Television, Inc. Investor Presentation

NYSE:GTN



April 2015

Certain statements in this presentation constitute “forward-looking statements” within the meaning of and subject to the protections of the Private Securities Litigation Reform Act of 1995 and other federal and state securities laws. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such “forward-looking statements.” Factors that could cause our actual results to differ materially from those expressed or implied by any forward-looking statements are described under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2014 and may be contained in our other reports subsequently filed with the SEC.

See the appendix to this presentation for the definition of certain capitalized terms used herein. Reconciliations of the Company’s non-GAAP measures of broadcast cash flow, broadcast cash flow less cash corporate expenses, operating cash flow as defined in the credit agreement, and free cash flow are contained in the appendix



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Overview

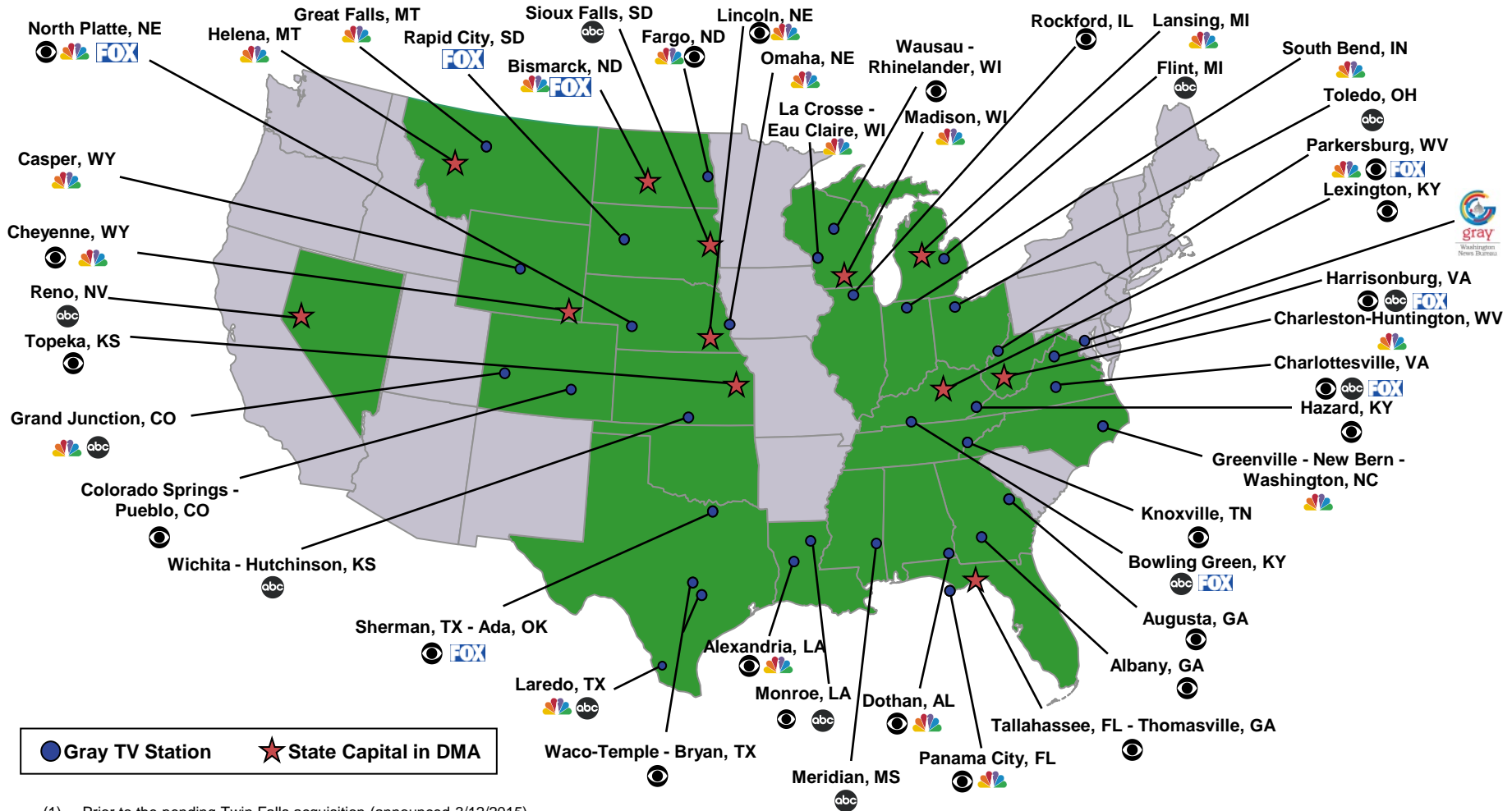
An Industry Leading Power



Gray TV has a Diverse and National Footprint



Ranked #1 or #2 in 41 of 44 Markets
 Reaching approximately 8% of US TV households (1)



(1) Prior to the pending Twin Falls acquisition (announced 3/12/2015)

Significant Scale Poised for Long-Term Success



	<u>Net Revenue</u>	<u>BCF</u>	<u>OCF</u>	<u>FCF</u>
2014 PF (in millions) ⁽¹⁾	\$572	\$251	\$229	\$123

140 program streams

76 “Big 4” network affiliations

77 stations

44 markets

14 markets with two “Big 4” network affiliations

2 markets with three “Big 4” network affiliations

FOX
10 channels:
6/30/17

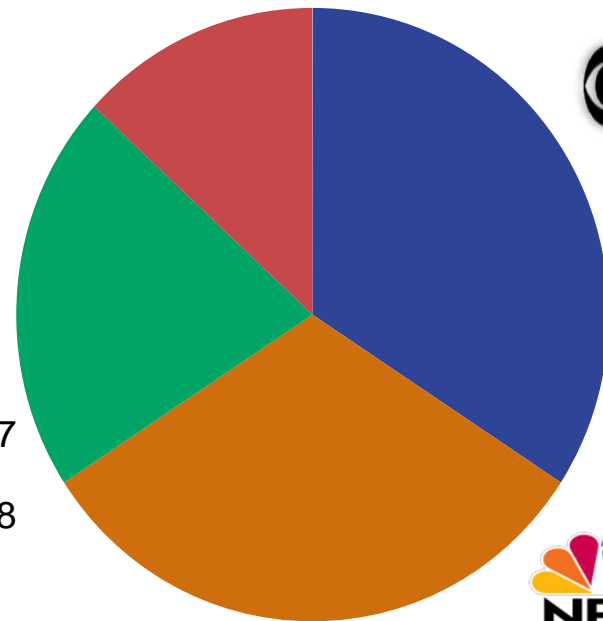


3
channels:12/31/17
13
channels:12/31/18

OCBS
26
channels:
8/31/19



24 channels:
12/31/18



⁽¹⁾Pro Forma for all 2014 acquisitions
Prior to the pending Twin Falls acquisition (announced 3/12/2015)

The Importance of Being #1



- Dominate local and political revenue with highly-rated news platforms
- #1 Stations Can secure more than half of a market's political ad buys
- Greater purchasing power and leverage with MVPDs, programmers, and other vendors
- Deliver higher margins
- Maximize free cash flow
- Exploit best practices
- Attract and retain high quality talent
- Leverage new Washington DC Bureau

Gray Dominates the Industry with the Highest Quality Portfolio of Local Television Stations

- ✓ **41** of 44 markets with stations ranked #1 or #2
- ✓ **28** of 44 markets with #1 news ranking
- ✓ **Only** pure-play TV broadcaster with a full-time Washington DC Bureau

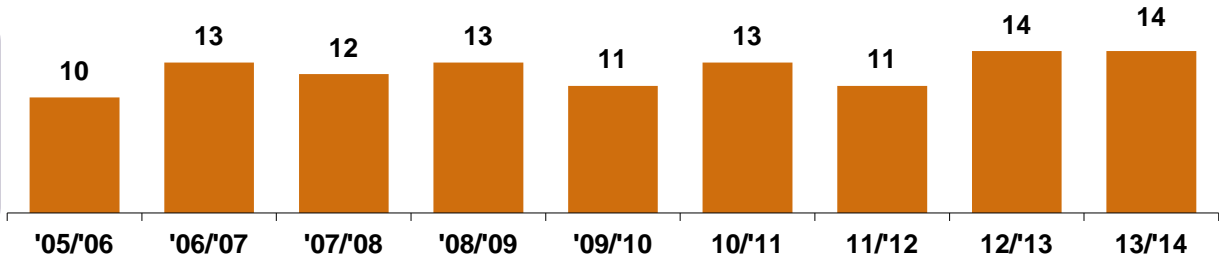


Washington
News Bureau

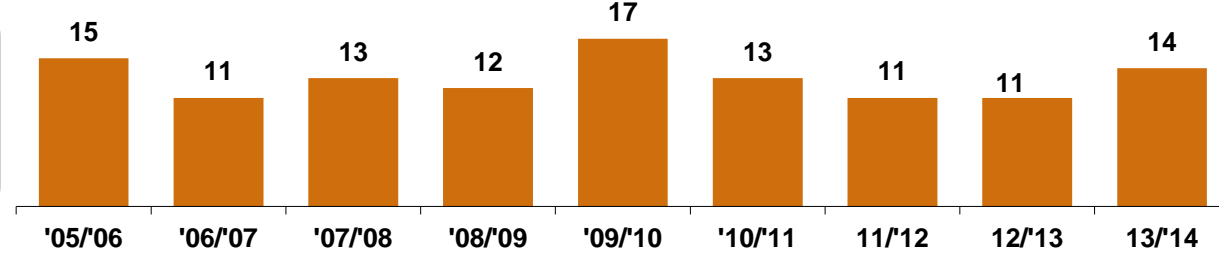
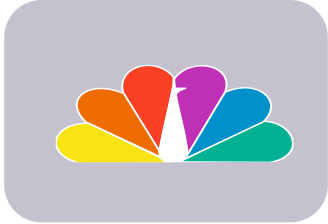
The Importance of Being #1



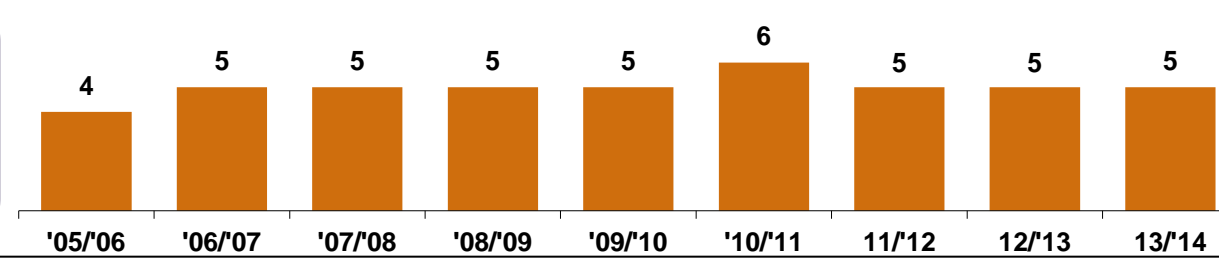
Long History of Being #1 in the Market



CBS National Ranking	'05/'06	'06/'07	'07/'08	'08/'09	'09/'10	'10/'11	'11/'12	'12/'13	'13/'14
Ranking	1	1	2	1	1	1	1	1	1



NBC National Ranking	'05/'06	'06/'07	'07/'08	'08/'09	'09/'10	'10/'11	'11/'12	'12/'13	'13/'14
Ranking	3	3	4	4	4	4	4	3	3



ABC National Ranking	'05/'06	'06/'07	'07/'08	'08/'09	'09/'10	'10/'11	'11/'12	'12/'13	'13/'14
Ranking	2	2	2	3	2	2	2	2	2

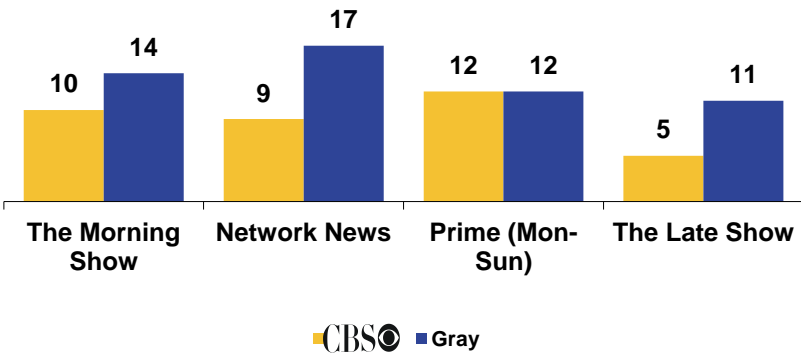
Source: Nielsen Media Research

Gray's Stations Over-Index Every Major Network

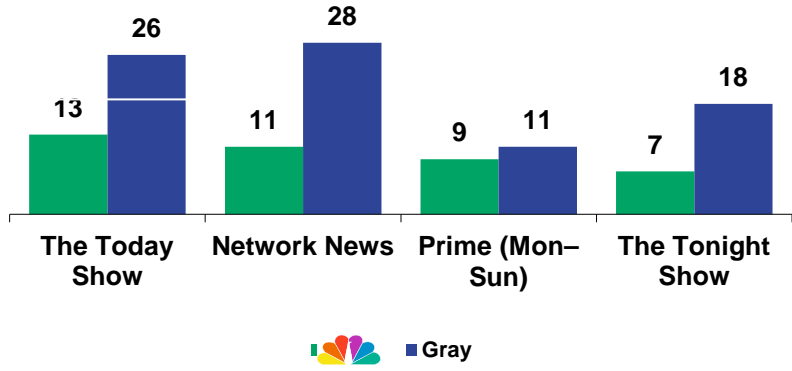


CBS, NBC, and ABC perform far better on Gray's stations than national averages across all key day-parts

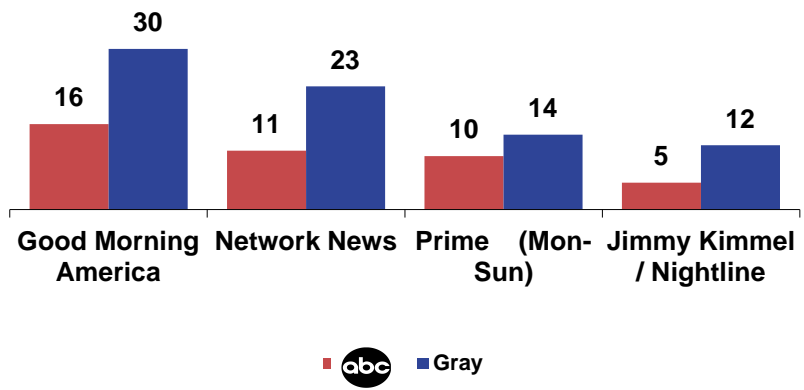
**CBS vs. Gray
November '14 Household Share**



**NBC vs. Gray
November '14 Household Share**



**ABC vs. Gray
November '14 Household Share**



Source: Nielsen Media Research, November 2014

Gray Dominates Local News and Information



+73%

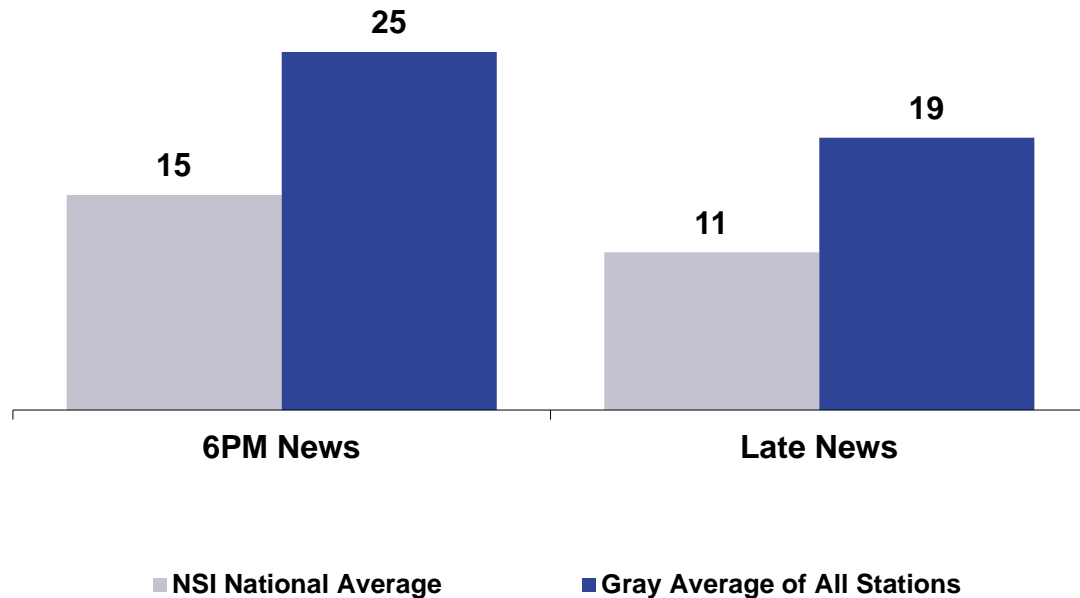
Amount by which Gray's late local newscasts **outperform** the national average...

+66%

Amount by which Gray's 6PM newscasts **outperform** the national average...

Gray's national Household Share average exceeds all major affiliate news programs

National Average vs. Gray November '14 Household Share

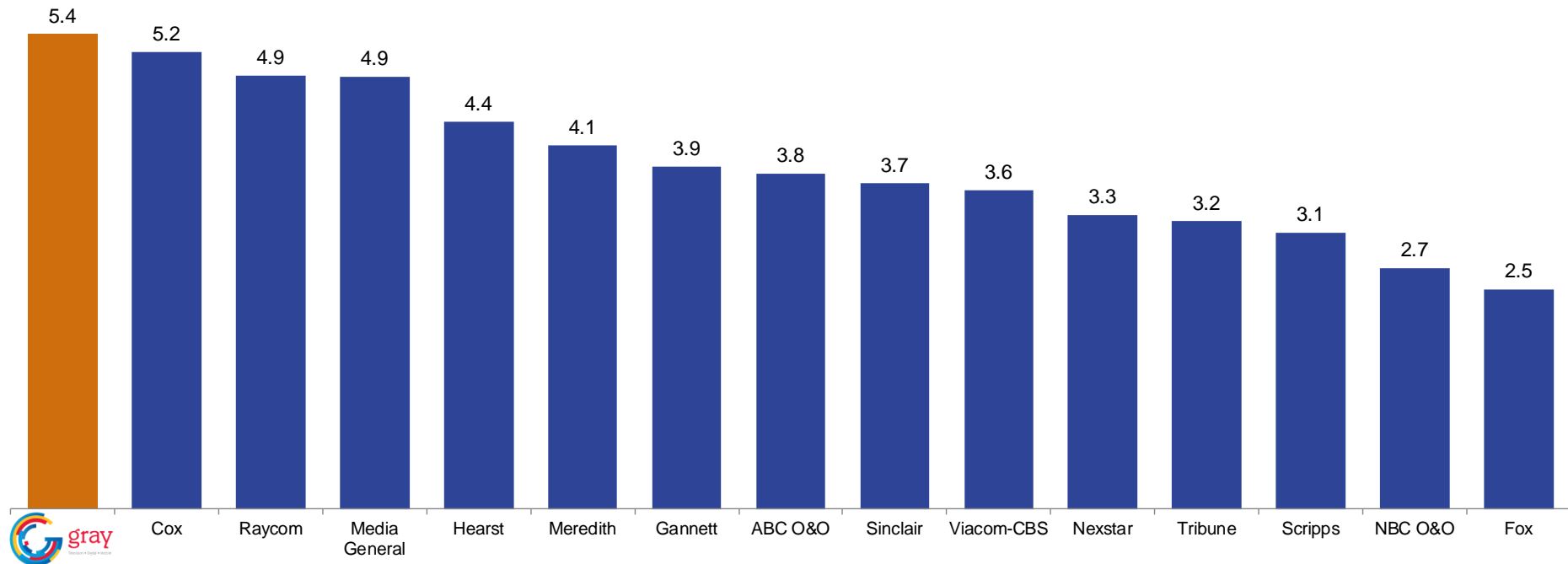


Source: Nielsen Media Research, November 2014

Gray Leads the Industry in Ratings



Household Rating Analysis – November 2014

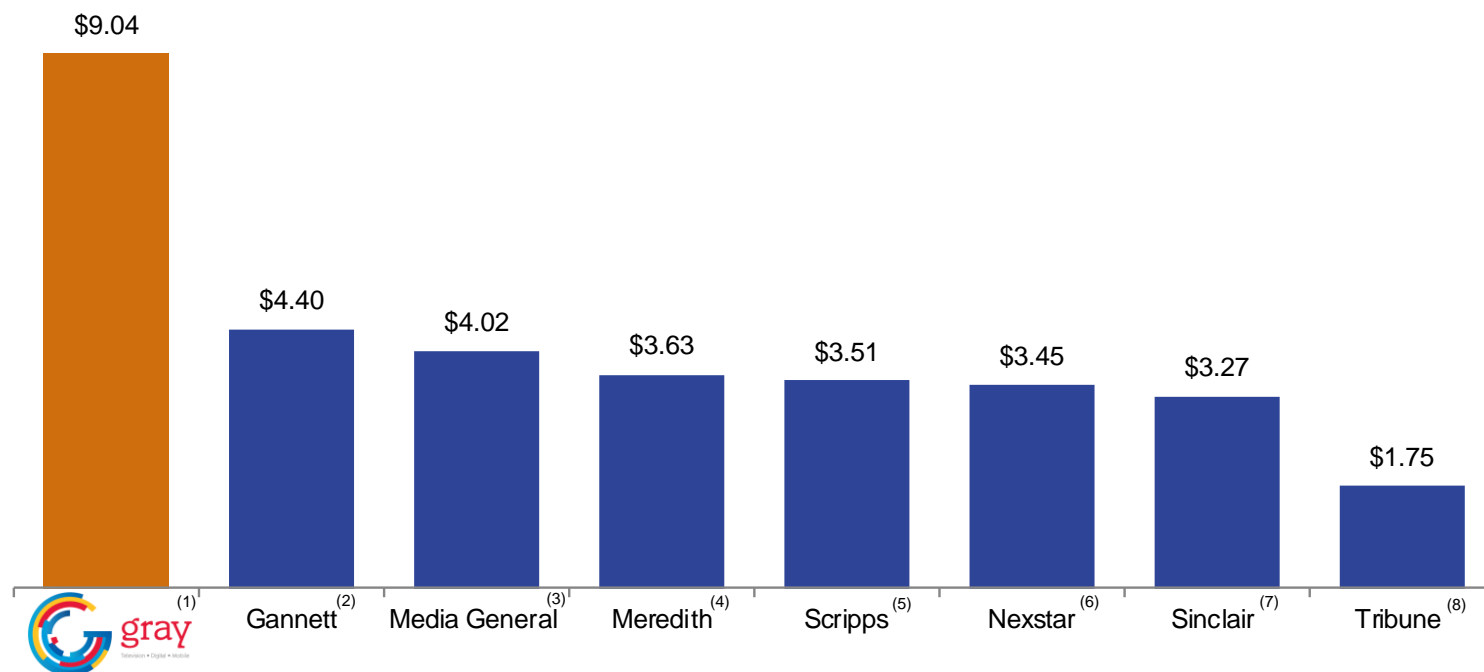


Source: Nielsen Media Research, November 2014; M-Sun/6a-2a

Gray Leads the Industry in Political Ad Revenues



2014 Political Revenue Per TV Household



2014 Political Revenue (\$mm)

2014 TV Households (mm)

\$85	\$160	\$111	\$46	\$76	\$56	\$147	\$90
9.4	36.4	27.6	12.7	21.6	16.2	45.0	51.7

Source: Company filings, Investor presentations, BIA data

(1) Pro Forma for all 2014 Acquisitions

(2) Pro Forma for Belo and London transactions

(3) Media General pro forma for LIN; Reported in Media General's Investor Presentation dated 3/12/2015

(4) Based on Calendar year ending 12/31/14; Fiscal year ends 6/30

(5) Scripps pro forma for Journal; Reported in Scripps' and Journal's 2014 10-Ks

(6) Political revenue on gross "as reported basis" net of implied % agency commission; TV Households incorporate closed acquisitions only; Reported in Nexstar's 2014 10-K

(7) On a Pro Forma basis; Reported in Sinclair's March 2015 Investor Presentation

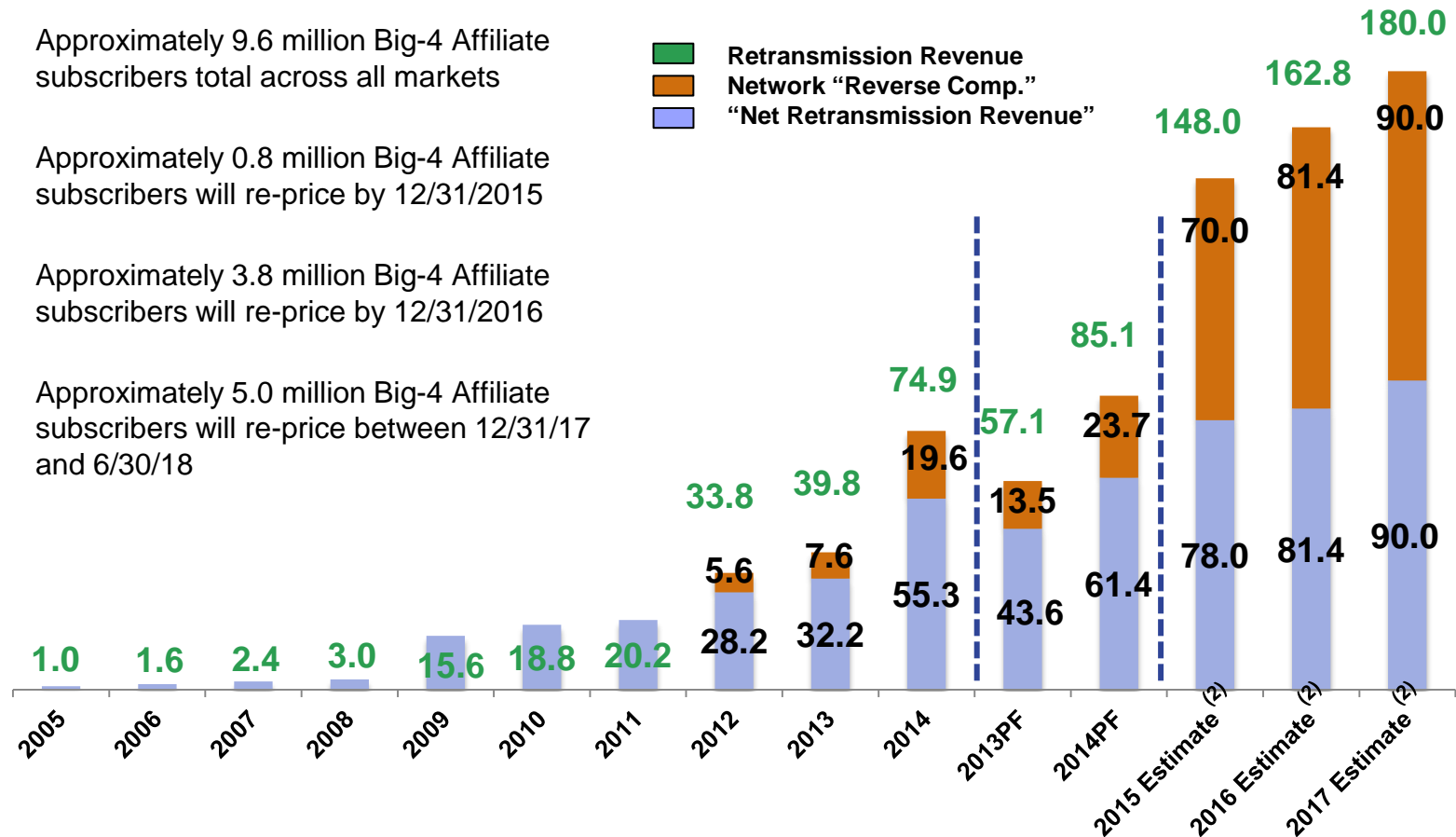
(8) As reported in Tribune Media Company's 2014 Earnings Presentation and Earnings Call

Gray Excels at Retrans



Gray TV Retransmission Revenue in Millions

- Approximately 9.6 million Big-4 Affiliate subscribers total across all markets
- Approximately 0.8 million Big-4 Affiliate subscribers will re-price by 12/31/2015
- Approximately 3.8 million Big-4 Affiliate subscribers will re-price by 12/31/2016
- Approximately 5.0 million Big-4 Affiliate subscribers will re-price between 12/31/17 and 6/30/18



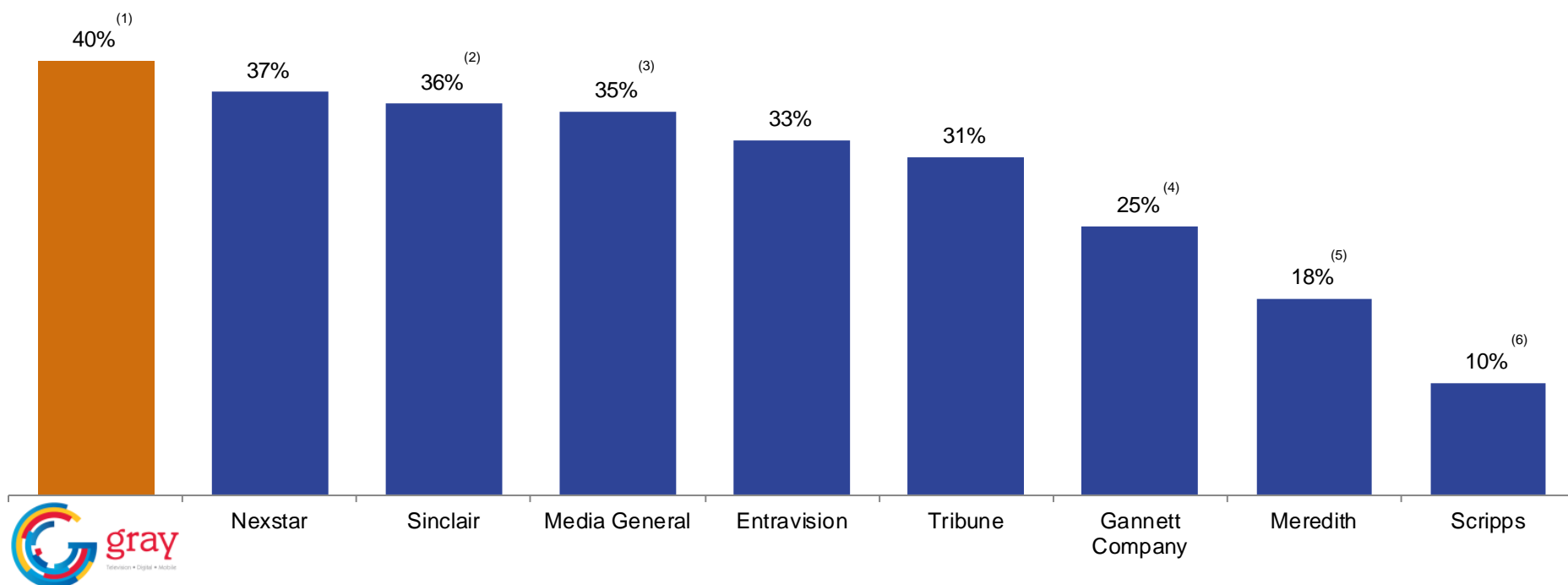
(1) Gray actual data per Company; 2013PF and 2014 PF includes the Acquisitions prior to the Twin Falls acquisition

(2) 2015 per current Company estimate. 2016 & 2017 assume 10% per annum growth in Retransmission Revenue and Network Affiliation fees (a.k.a. "Network Reverse Compensation") equal to 50% of retransmission revenue. Actual results may vary from current estimates.

Gray TV Leads Industry In Operating Margins



2014 EBITDA Margins



Source: Company filings, Investor presentations

Note: Based on "as-reported" financials for all companies except Gray TV and Media General, which are reported on a "combined historical" basis

(1) Based on 2014 pro forma Operating Cash Flow

(2) Based on Non-GAAP reconciliation available on Sinclair Broadcasting's website

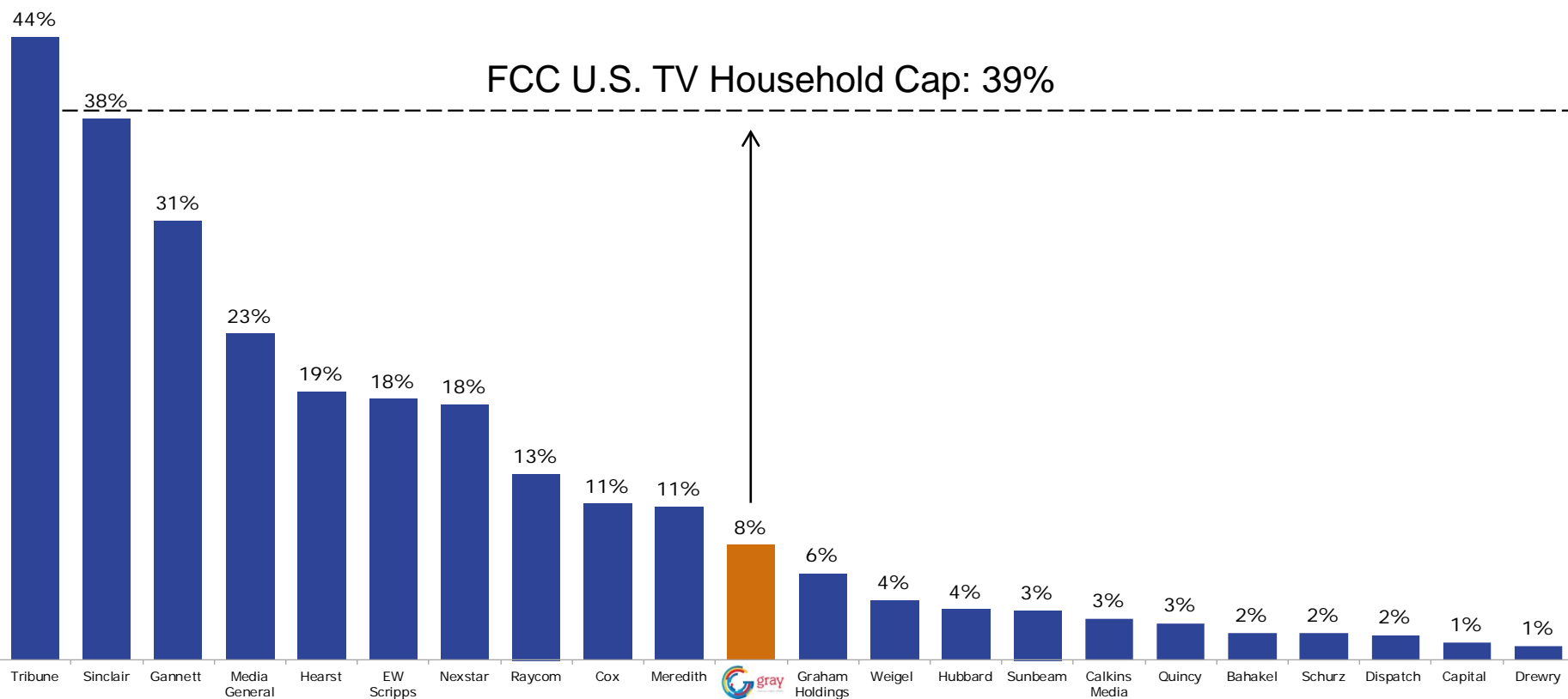
(3) Media General pro forma for LIN, including \$16 million in Young synergies and \$35 million in LIN run rate synergies; Reported in Media General's Investor Presentation dated 3/12/2015

(4) Based on consolidated revenue and EBITDA

(5) Based on consolidated revenue and EBITDA and calendar year ending 12/31/14; Fiscal year ends 6/30

(6) Based on consolidated revenue and EBITDA; Calculated as segment profits less corporate and pension plan expense; Reported in Scripps' 2014 10-K

Significant Opportunity for Continued Growth



Source: Company filings, BIA, company websites
 Note: Excludes Big Four networks



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Investment Highlights



Investment Highlights



- ✓ A Leading Television Broadcaster in Diverse Mid-Markets with Dominant Market Positions
- ✓ Improving Advertising Market and Diversification of Revenue Mix
- ✓ Large Political Upside in Presidential Election Years with Presence in Key States
- ✓ Strong Growth in Net Retransmission Revenue and Increasing Leverage With Networks
- ✓ Successful New Media Initiatives and Spectrum Upside
- ✓ Robust Free Cash Flow Generation Over a Two Year Cycle
- ✓ Experienced Management with a Track Record of Accretive Transactions and Successful Integrations

Highly Experienced Senior Management



Name	Years at Gray TV	Years in Industry	Background and Notable Achievements
Hilton H Howell, Jr. <i>Director, Vice Chairman, President & CEO</i>	22	22	<ul style="list-style-type: none"> CEO since 2008, Vice Chairman since 2002 and director since 1993 Served as President and CEO of Atlantic American Corporation since 1995 Served as EVP and General Counsel of Delta Life Insurance Company and Delta Fire & Casualty Insurance Company since 1991
James C. Ryan <i>SVP & CFO</i>	16	30	<ul style="list-style-type: none"> CFO since 1998 and additionally serves as SVP of Finance Served as SVP since 2002 and as VP from 1998 to 2002 Served as the CFO of Busse Broadcasting Corporation from 1987 to 1998
Kevin P. Latek <i>SVP – Business Affairs</i>	3	18	<ul style="list-style-type: none"> Joined Gray in 2012, after spending 15 years representing television broadcasters in FCC regulatory and transactional matters with law firm Dow Lohnes Member of the CBS Affiliates Board; former member of, and previously counsel to, Fox Affiliate Board of Governors
Nick Waller <i>SVP – Mid-Atlantic & South</i>	13	13	<ul style="list-style-type: none"> Joined Gray in 2000, after spending 20 years with Datasouth Computer Corporation, first as CFO and eventually as President Director of the Florida Association of Broadcasters
Bob Smith <i>SVP – Midwest & West</i>	14	29	<ul style="list-style-type: none"> Started as an account executive at Gray TV in Eau Claire, Wisconsin in 1986 Served as SVP since July 2013 and served in various roles from 1986 – 2013 at Gray TV Has served on the Board of Directors of the Wisconsin Broadcaster Association, among others
Jason Effinger <i>SVP – Media & Technology</i>	14	24	<ul style="list-style-type: none"> Joined Gray TV in 2001 as a station manager Served as SVP since July 2013 and served as Regional VP prior to that Serves as Vice Chair of the Nebraska Broadcasters Association

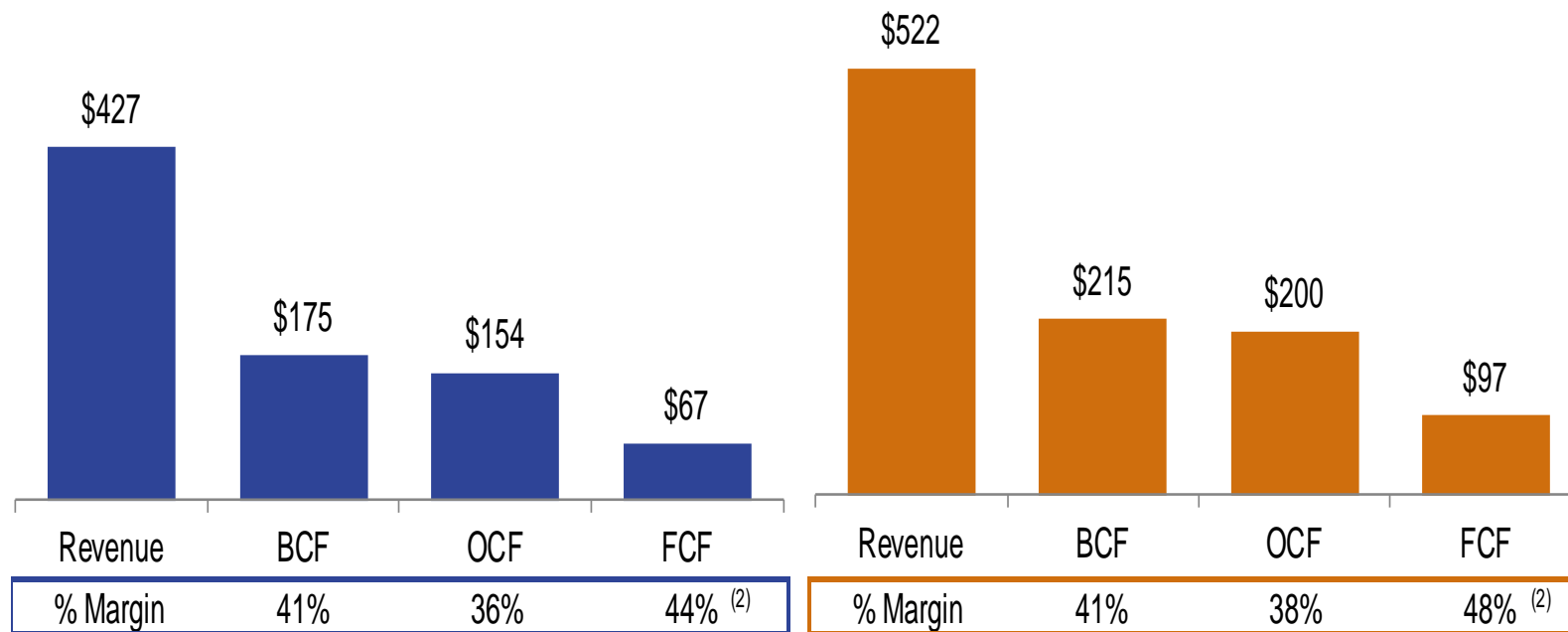
Acquisitions Announced and Closed in 2014 Significantly Increased Scale and Margins



Summary Financial Metrics '13A/'14A Blended 2-Year Averages In Millions

As Reported

Pro Forma For All 2014 Acquisitions



How Does Gray Grow...



- \$175.6 million⁽¹⁾ common equity raised March 31, 2015
 - 13.5 million shares of Gray Common Stock issued at \$13.00 per share
 - Intend to seek Free Cash Flow accretive acquisitions

(\$ in millions)	December 31, 2014	
	<u>Actual \$</u>	<u>As Adjusted⁽²⁾</u>
Cash	<u>\$30.8</u>	<u>\$198.1</u>
Total Debt @ par	1,231.4	1,231.4
Market Equity	<u>760.5⁽³⁾</u>	<u>936.2⁽⁴⁾</u>
Market Capitalization	<u>1,991.9</u>	<u>2,167.6</u>
Debt net cash	\$1,200.6	\$1,033.3

⁽¹⁾Gross proceeds; estimated net proceeds after underwriting discounts, fees and expenses \$167.3 million.

⁽²⁾Adjusted for Gray equity issuance of Common Stock 3-31-2015.

⁽³⁾Combined Common Stock and Class A Common Stock totaling 58.5 million shares at \$13.00 per share.

⁽⁴⁾Total shares outstanding adjusted for issuance of 13.5 million shares of Common Stock at \$13.00 per share.

Diversification Across Networks and Markets



Station Mix

140 Total Program Streams:

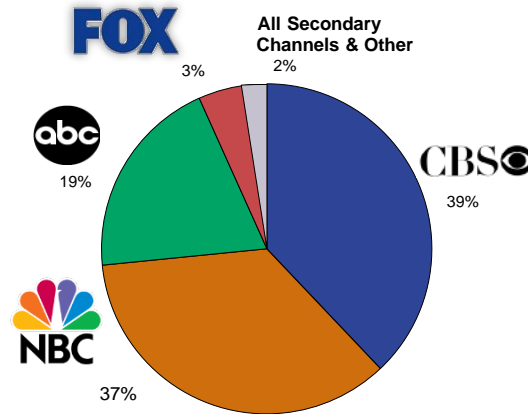
76 Big 4 Affiliates:

- 26 CBS
- 24 NBC
- 16 ABC
- 10 FOX

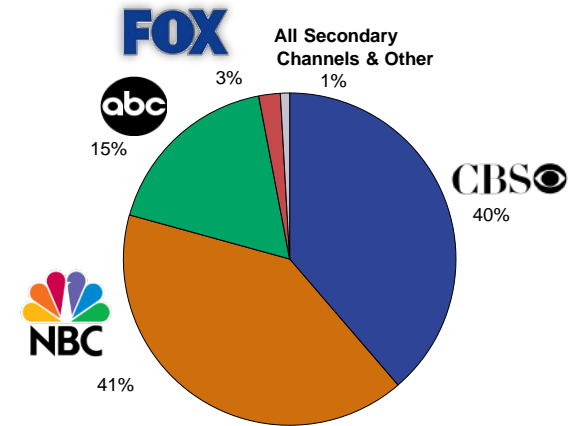
73 Additional Program Streams:⁽²⁾

- 17 CW
- 2 Telemundo
- 17 MyNetwork TV
- 17 MeTV Network
- 6 Antenna TV
- 2 This TV Network
- 1 MOVIES! Network
- 1 Heroes and Icons
- 10 Local News/Weather

2014PF Revenue by Affiliate: \$572mm ⁽¹⁾



2014PF BCF by Affiliate: \$251mm ^{(1), (3)}



No single market represents >10% of total revenue or BCF

(1) Pro forma for the Acquisitions, excluding the pending Twin Falls acquisition

(2) Certain program channels are affiliated with more than one additional network simultaneously






(3) Excludes corporate expenses













Stable Markets – Concentration on DMAs 61-209 with Focus on State Capitals / Collegiate Presence



- Gray stations cover 12 state capitals and 24 university towns
- Enrollment of approximately 547,000 students

- Better demographics, more stable economies

Market	College(s)	Approximate Enrollment
Waco, TX		75
Topeka, KS		53
Lansing, MI		50
Tallahassee, FL		43
Madison, WI		43
Lexington, KY		30
Knoxville, TN		27
Lincoln, NE		25
Greenville, NC		22
Toledo, OH		21
Charlottesville, VA		21
Bowling Green, KY		21

Market	College(s)	Approximate Enrollment
Reno, NV		20
Harrisonburg, VA		20
Sioux Falls, SD		13
Cheyenne, WY		11
Charleston-Huntington, WV		10
Monroe, LA		9
Flint, MI		9
Colorado Springs, CO		9
South Bend, IN		8
Bismarck, ND		4
Great Falls, MT		2
Helena, MT		1

Source: College/University website
Note: Shading indicates DMA includes state capital. Enrollment in thousands.

Revenue Mix Continues to Diversify

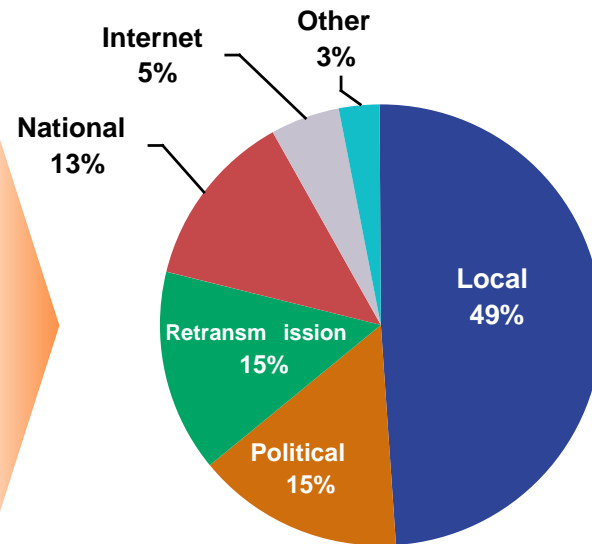
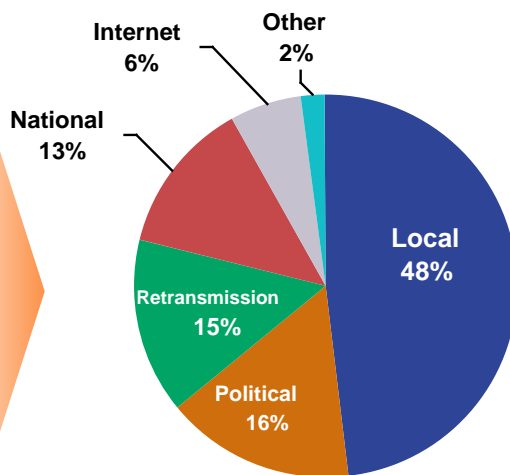
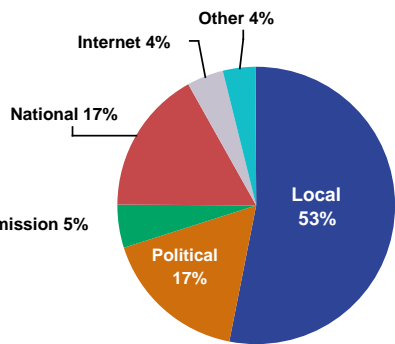


- Growth in net revenue, driven by increases in core revenue, political, retransmission and internet revenues
- Revenue mix continues to diversify from traditional ad-based sources to new media – internet and subscriber driven – and retransmission revenue
- Diversification lowers overall revenue volatility

2010A Net Revenue Mix:
\$346mm ⁽¹⁾

2014A Net Revenue Mix:
\$508mm ⁽¹⁾

2014PF Net Revenue Mix:
\$572mm ⁽¹⁾

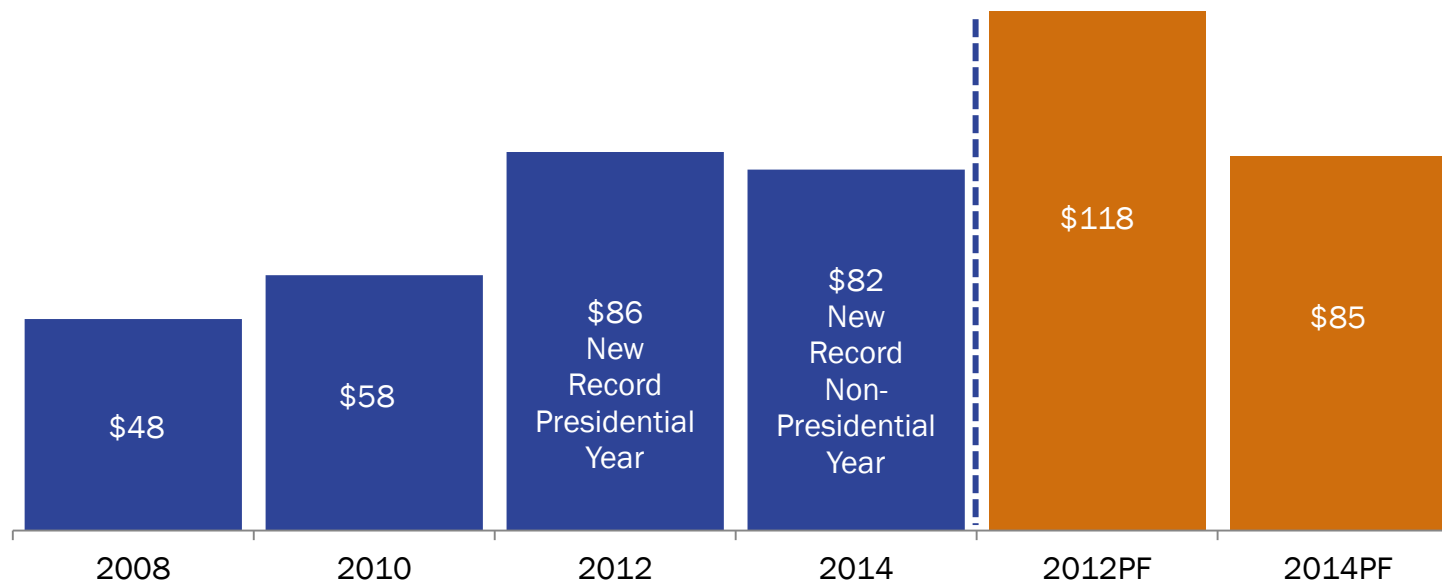


(1) 2010A and 2014A reflect Gray actual data per Company; 2014PF includes the Acquisitions other than Twin Falls

Gray is a Leading Beneficiary of Political Revenue with Large Upside in Presidential Years

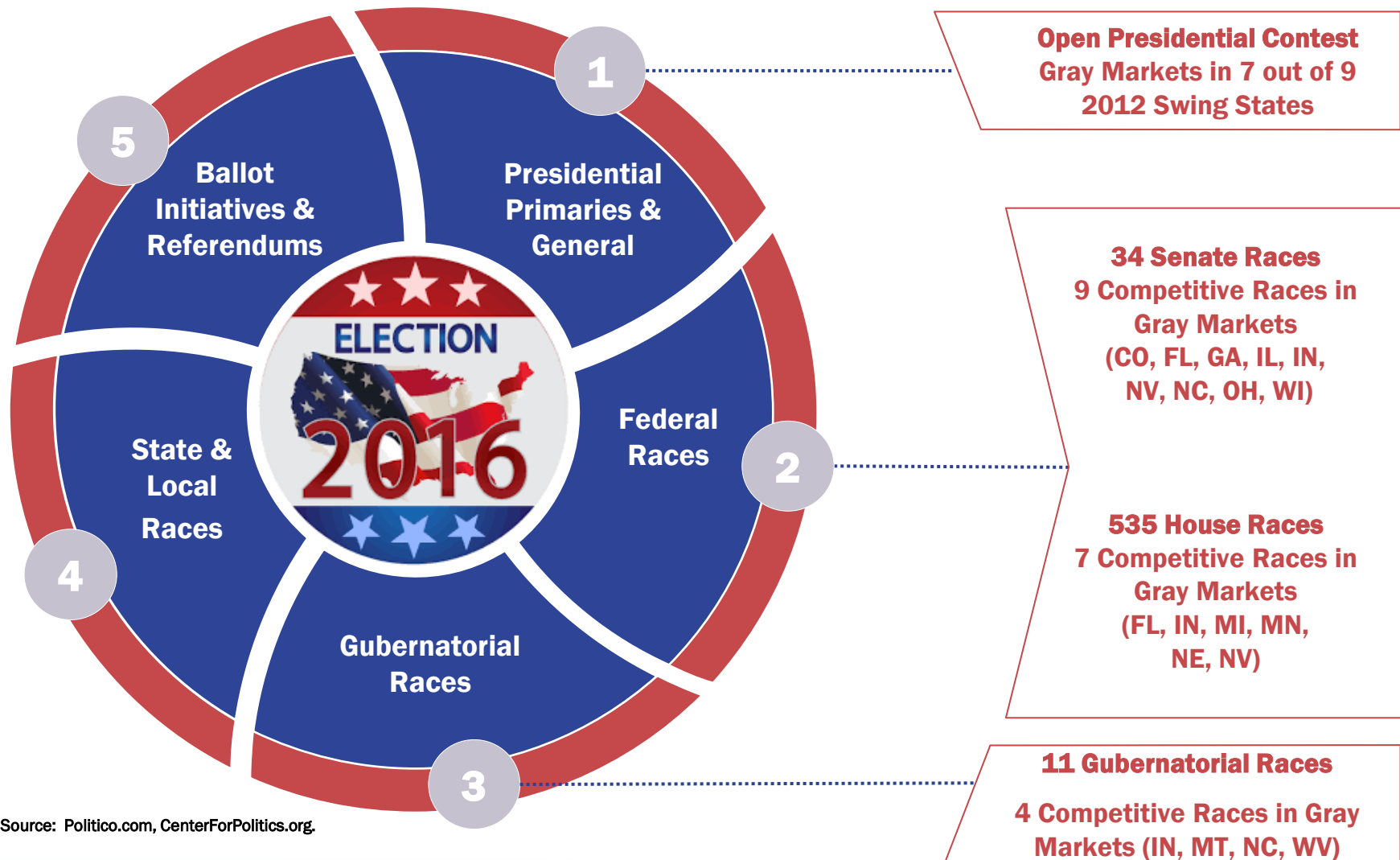


Gray TV Political Revenue in Millions ^{(1), (2)}



2012PF and 2014PF includes Gray and the Acquisitions (except the Twin Falls acquisition) and assumes 15% agency commission discount on gross political revenues for the Acquisitions

November 8, 2016 Elections



Source: Politico.com, CenterForPolitics.org.

Successful Digital Media Initiatives



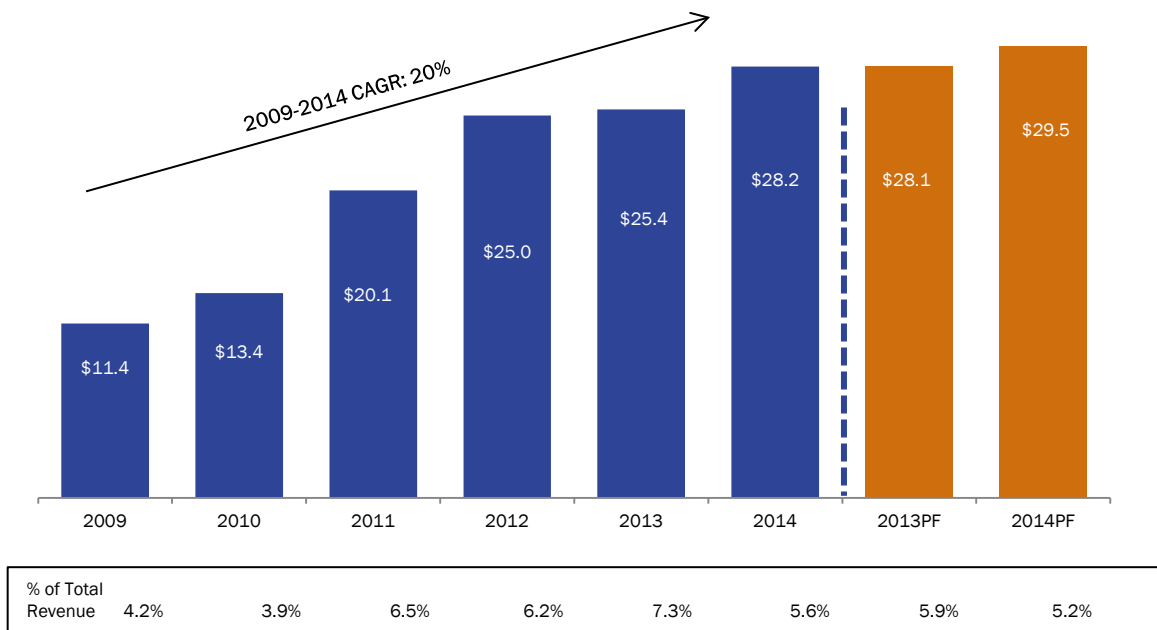
- Operate web and mobile applications in all markets
- Focused on local content: news, weather, sports
- All sites have converted to responsive design
- “Moms Everyday” digital vertical; deployed in each Gray TV market and continues to expand to other markets



- Full service digital solutions



Gray TV Digital Media Revenue in Millions ⁽¹⁾



50% plus margin on digital revenue

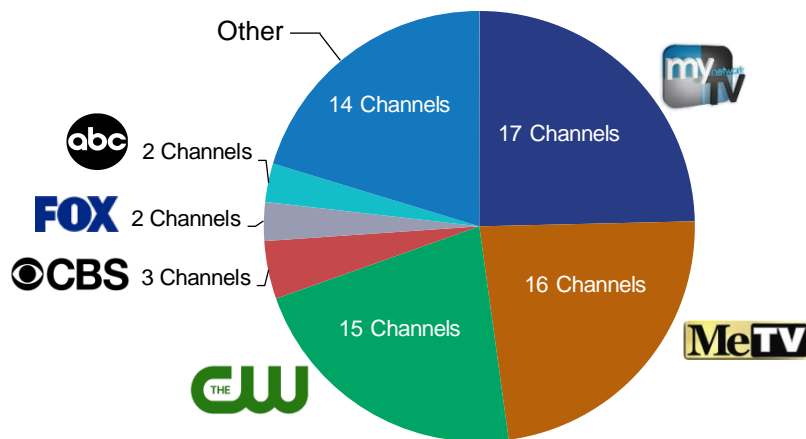
(1) Gray standalone data per company filings; 2013PF and 2014PF includes the Acquisitions except the pending Twin Falls acquisition

Significant Potential Upside from Spectrum Monetization Opportunities



- One of first broadcasters to monetize digital spectrum
- 69 secondary channels of programming today
- Opportunities to benefit from the 2016 FCC Broadcast Incentive Auction
- Potential opportunities from future changes to new broadcast technical standard

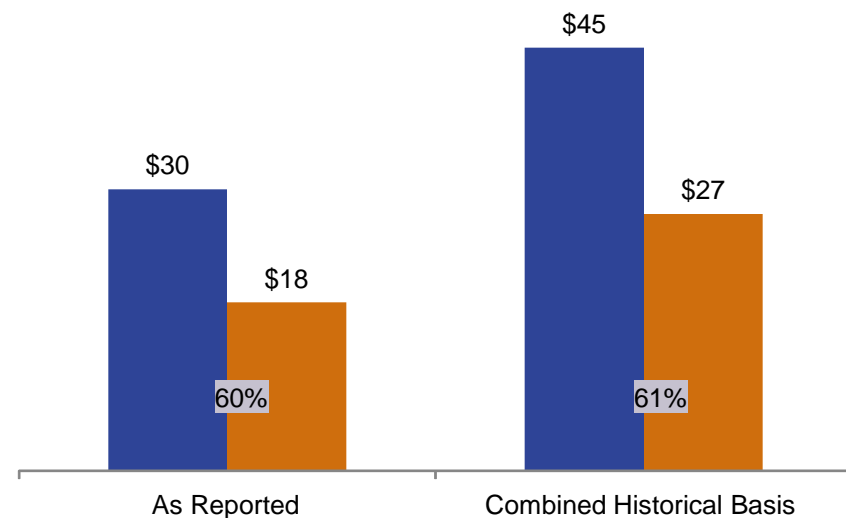
Growing Secondary (D2) Channels (1)



Secondary Channel 2014 Financials

(\$ in Millions)

■ Revenue ■ BCF ■ Margin



(1) Certain program channels are affiliated with more than one additional network simultaneously



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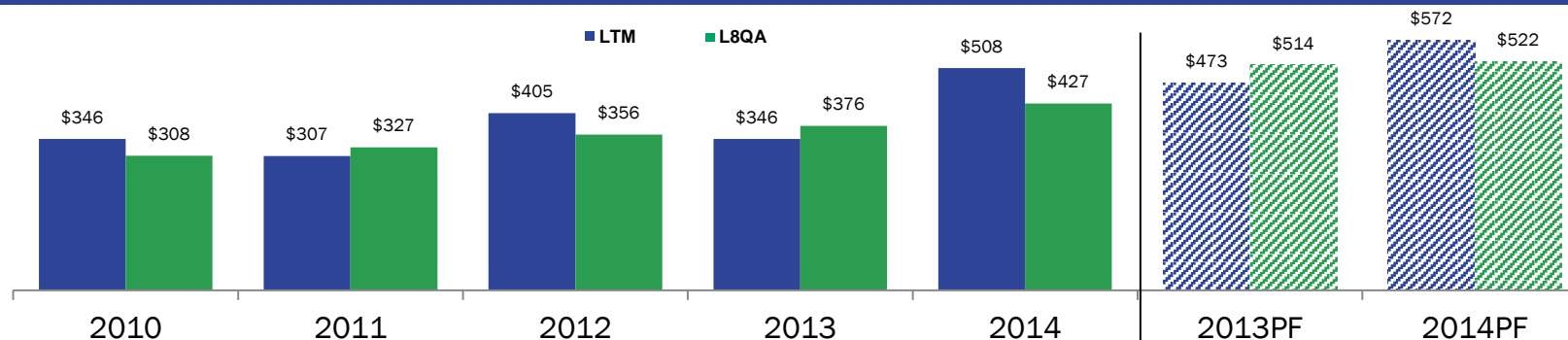
Financial Overview



Gray TV's Financial Scale Continues to Increase



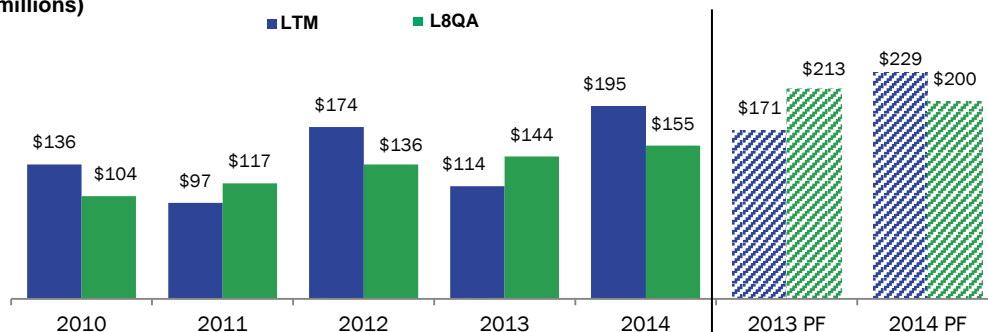
Net Revenue ⁽¹⁾



L8QA Growth	3%	6%	9%	5%	14%	--	2%
LTM 2-Yr. Growth	6%	14%	17%	13%	25%	--	3%

Operating Cash Flow ⁽¹⁾

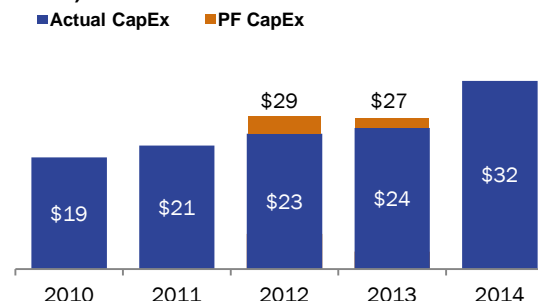
(\$ in millions)



L8QA Margin	34%	36%	38%	38%	36%	41%	38%
LTM Margin	39%	32%	43%	33%	38%	36%	40%

Capital Expenditures ⁽¹⁾

(\$ in millions)



% of Revenue ⁽²⁾	6%	7%	6%	7%	6%
% of PF Revenue ⁽³⁾	-	-	5%	6%	6%

(1) Gray actual data per Company; 2013PF and 2014PF include the Acquisitions, except the pending Twin Falls acquisition

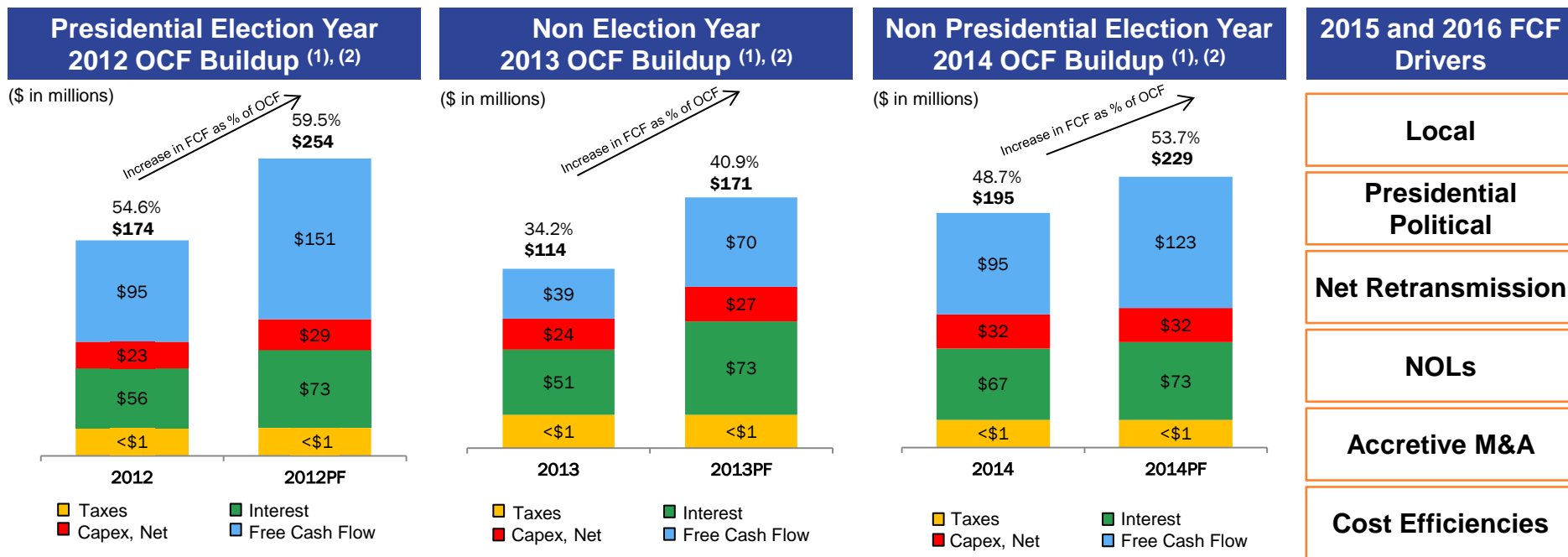
(2) Gray standalone Capex as a percentage of Gray standalone Revenue

(3) PF Capex as a percentage of PF Revenue

Robust Free Cash Flow Generation



- Gray realized record free cash flow of \$95 million in 2014; \$123 million pro forma FCF in 2014
- Gray's free cash flow is expected to increase with the Acquisitions due to the incremental OCF despite a moderate increase in capital and corporate expenditures
- Gray will also benefit from ~\$160 million in net operating loss carryforwards



(1) Pro Forma interest expense estimated with Pro Forma incremental indebtedness and estimated cash interest
 (2) Gray actual data per Company; 2012PF, 2013PF and 2014PF figures include the Acquisitions, except the pending Twin Falls acquisition

Prudent Balance Sheet Management Leads to Deleveraging

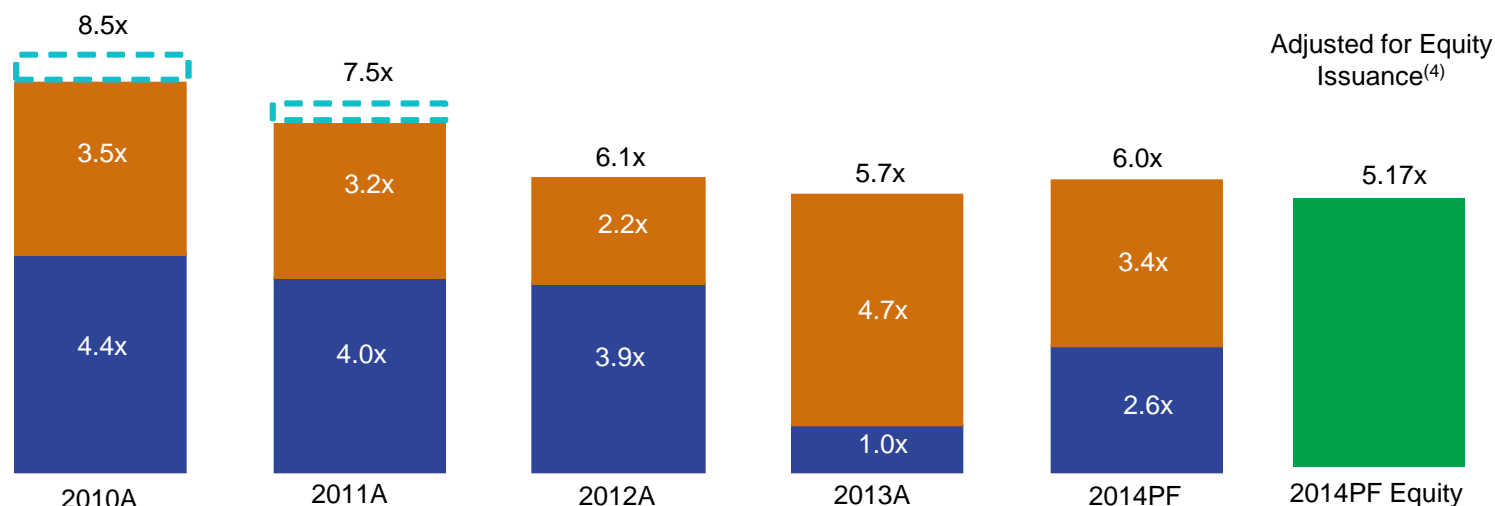


- Gray has significantly reduced secured and total leverage from historical levels
- Gray's strategic investments have diversified its revenue base, allowing for significant free cash flow in both political and non-political years

Net Financial Leverage (1), (2)

(\$ in millions)

■ Secured Net Debt / OCF ■ Net Debt / OCF ■ Preferred Stock / OCF



Net Debt ⁽³⁾	\$828	\$832	\$824	\$823	\$1,201	\$1,033.3
Net Debt + Preferred Stock	\$881	\$872	\$824	\$823	\$1,201	\$1,033.3
L8QA OCF	\$104	\$117	\$136	\$144	\$200	\$200

- (1) Leverage shown on a two year blended basis to account for biennial shifts in political revenues
 (2) Gray actual data per company filings; 12/31/14PF includes the Acquisitions, except the pending Twin Falls acquisition
 (3) Total debt less up to \$30 million of cash on hand
 (4) Total debt less all cash on hand after adjusting for equity issuance of 13.5 million shares of GTN @ \$13.00 per share on 3/31/2015

Capitalization Overview



- No near-term debt maturities and ~\$80 million of liquidity as of 12/31/14

Current Capitalization

(\$ in millions)	12/31/2014		
	Actual \$	Cum. X L8QA OCF ⁽¹⁾	Cum. X LTM OCF ⁽²⁾
Cash & Equivalents	\$31		
Cash & Equivalents adjusted for equity issue ⁽⁵⁾	\$198.1		
Priority Revolver (\$50MM) due 2019	--	0.0x	0.0x
Term Loan B due 2021 (LIBOR + 3% with LIBOR Floor of 0.75%)	\$556	2.8x	2.4x
Secured Debt	\$556	2.8x	2.4x
7.5% Senior Notes due 10/2020, at par value	\$675	6.1x	5.4x
Total Debt	\$1,231	6.1x	5.4x
Net Debt ⁽³⁾	\$1,201	6.0x	5.2x
Debt Net All Cash⁽⁴⁾⁽⁵⁾	\$1,033.3	5.17x	4.51x

Source: Company financials and management estimates

⁽¹⁾Based on Gray's L8QA 12/31/14 Pro Forma OCF

⁽²⁾Based on Gray's LTM 12/31/14 Pro Forma OCF

⁽³⁾Total debt less up to \$30 million of cash on hand

⁽⁴⁾Total debt less all cash on hand

⁽⁵⁾Reflects net cash proceeds of 13.5 million share issuance of GTN on 3/31/2015 at \$13.00 per share

\$200

\$229



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Questions & Answers



Glossary



“Acquisitions”:	The Hoak Acquisition and Gray’s other previously completed acquisitions of Rapid Cities, Prime Cities, Lockwood, Yellowstone, KJCT, Montana and SJL unless otherwise specified; excludes Twin Falls
“Excalibur” (Excalibur Broadcasting, Inc.):	A television broadcaster with two stations (KJCT, KKHD) whose financial results were consolidated with those of Gray in accordance with GAAP from October 31, 2013 through December 15, 2014
“Gray” (Gray Television, Inc.):	A television broadcast company headquartered in Atlanta, Georgia, that owns and operates television stations and digital properties in markets throughout the United States; its results were consolidated with those of Excalibur under GAAP from October 31, 2013 through December 15, 2014
“Hoak Media” (Hoak Media, LLC):	A television broadcaster from which Gray acquired 12 television stations and the programming of an additional television station on June 13, 2014
“Hoak”:	Hoak Media and Parker combined, excluding stations divested to Nexstar or Mission
“Hoak Acquisition”:	Gray’s acquisition or operation of 15 Hoak television stations, which closed on June 13, 2014
“KJCT”:	Station acquired by Excalibur from News-Press and Gazette on October 31, 2013
“Lockwood”:	CW affiliated station WQCW in Charleston, WV, acquired by Gray from Lockwood on April 1, 2014
“Montana”:	Three stations acquired by Gray from Intermountain West Communications Company (two stations) and Rocky Mountains Broadcasting (one station) in Q4, 2014
“Operating Cash Flow” or “OCF”:	Operating cash flow as defined in Gray’s existing senior credit facility; includes Pro Forma adjustments for closed acquisitions. See appendix herein for definition and reconciliations of non-GAAP terms.
“Parker” (Parker Broadcasting, Inc.):	Certain operating agreements and non-license assets we acquired from Parker Broadcasting, Inc. relating to the Monroe, LA and Fargo, ND markets in September and December 2014, respectively
“Prime Cities”:	Two stations acquired by Gray from Prime Cities Broadcasting, Inc. on May 1, 2014
“Pro Forma” or “PF”:	Reflects combined historical results, position, or statistics of Gray and the specified acquisitions; pro forma financial results give effect to the specified acquisitions as if they had occurred at the beginning of the relevant period including any financing related to the specified acquisitions
“Rapid Cities”:	Two stations acquired by Gray from Mission TV, LLC on May 1, 2014
“SJL”:	Two ABC stations in Flint, MI and Toledo, OH, acquired by Gray from affiliates of SJL Holdings on September 15, 2014
“Twin Falls”:	Pending acquisitions of two stations, a CBS station and a FOX station, in Twin Falls, Idaho for \$17.5 million. The acquisition is subject to regulatory approval and is currently expected to close in the 3rd quarter 2015

Pro Forma Non-GAAP Reconciliation



Gray Television Inc. Pro Forma Non-GAAP Reconciliation					
	2012	2013	2014	L8QA 2013	L8QA 2014
Net income	\$ 59,350	\$ 29,243	\$ 90,096	\$ 44,297	\$ 59,670
Adjustments to reconcile from net income to					
Broadcast Cash Flow Less Cash Corporate Expenses:					
Depreciation	31,838	32,202	33,794	32,020	32,998
Amortization of intangible assets	825	892	8,360	859	4,626
Non-cash stock based compensation	878	1,974	5,012	1,426	3,493
Gain on disposals of assets, net	(69)	850	(28,854)	391	(14,002)
Miscellaneous income, net	2,823	1,627	290	2,225	959
Interest expense	76,975	75,019	75,232	75,997	75,126
Loss on early extinguishment of debt	46,683	-	5,086	23,342	2,543
Income tax expense	26,468	16,906	34,837	21,687	25,872
Amortization of program broadcast rights	12,969	13,090	12,871	13,030	12,981
Common stock contributed to 401(k) plan excluding corporate 401(k) contributions	26	28	25	27	27
Network compensation revenue recognized	(627)	(615)	(456)	(621)	(536)
Network compensation per network affiliation agreement	(60)	-	-	(30)	-
Payments for program broadcast rights	(13,727)	(13,156)	(15,087)	(13,442)	(14,122)
Other items	599	(550)	2,788	25	1,119
Broadcast Cash Flow Less Cash Corporate Expenses; a.k.a. "Adjusted EBITDA"	244,951	157,510	223,994	201,231	190,752
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock based compensation	17,631	21,073	27,135	19,352	24,104
Broadcast Cash Flow	\$ 262,582	\$ 178,583	\$ 251,129	\$ 220,583	\$ 214,856
Broadcast Cash Flow Less Cash Corporate Expenses	\$ 244,951	\$ 157,510	\$ 223,994	\$ 201,231	\$ 190,752
Pension Expense	7,874	8,626	6,126	8,250	7,376
Pension Cash Funding	(9,402)	(4,748)	(6,770)	(7,075)	(5,759)
Other items	10,546	10,128	5,901	10,337	8,015
Operating Cash Flow as defined in the credit agreement	\$ 253,969	\$ 171,516	\$ 229,251	\$ 212,743	\$ 200,384
Less interest expense	(76,975)	(75,019)	(75,232)	(75,997)	(75,126)
Addback amortization of deferred financing	2,723	1,903	2,970	2,313	2,437
Less capital expenditures, net of insurance proceeds	(28,882)	(27,374)	(32,215)	(28,128)	(29,795)
Less cash taxes	(836)	(519)	(401)	(678)	(460)
Addback amortization of original issue discount	1,127	(9)	(863)	559	(436)
Free Cash Flow	\$ 151,126	\$ 70,498	\$ 123,510	\$ 110,812	\$ 97,004

Pro Forma Non-GAAP Reconciliation (continued)



	Pro Forma Twelve Months Ended December 31, 2012			
	Gray Actual	Acquisitions	Pro forma Adjustments	Gray Pro forma
Net income	\$ 28,129	\$ 42,731	\$ (11,510)	\$ 59,350
Adjustments to reconcile from net income to Broadcast Cash Flow Less Cash Corporate Expenses:				
Depreciation	23,133	8,705	-	31,838
Amortization of intangible assets	75	750	-	825
Non-cash stock based compensation	878	-	-	878
Gain on disposals of assets, net	(31)	(38)	-	(69)
Miscellaneous income, net	(2)	2,825	-	2,823
Interest expense	59,443	6,022	11,510	76,975
Loss on early extinguishment of debt	46,683	-	-	46,683
Income tax expense	19,188	7,280	-	26,468
Amortization of program broadcast rights	11,081	1,888	-	12,969
Common stock contributed to 401(k) plan excluding corporate 401(k) contributions	26	-	-	26
Network compensation revenue recognized	(627)	-	-	(627)
Network compensation per network affiliation agreement	(60)	-	-	(60)
Payments for program broadcast rights	(11,839)	(1,888)	-	(13,727)
Other items	-	81	518	599
Broadcast Cash Flow Less Cash Corporate Expenses; a.k.a. "Adjusted EBITDA"	176,077	68,356	518	244,951
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock based compensation	15,049	1,731	851	17,631
Broadcast Cash Flow	\$ 191,126	\$ 70,087	\$ 1,369	\$ 262,582
Broadcast Cash Flow Less Cash Corporate Expenses	\$ 176,077	\$ 68,356	\$ 518	\$ 244,951
Pension Expense	7,874	-	-	7,874
Pension Cash Funding	(9,402)	-	-	(9,402)
Other items	(399)	29	10,916	10,546
Operating Cash Flow as defined in the credit agreement	174,150	68,385	11,434	253,969
Less interest expense	(59,443)	(6,022)	(11,510)	(76,975)
Addback amortization of deferred financing	2,723	-	-	2,723
Less capital expenditures, net of insurance proceeds	(22,937)	(1,945)	(4,000)	(28,882)
Less cash taxes	(836)	-	-	(836)
Addback amortization of original issue discount	1,127	-	-	1,127
Free Cash Flow	\$ 94,784	\$ 60,418	\$ (4,076)	\$ 151,126

Pro Forma Non-GAAP Reconciliation (continued)



	Pro Forma Twelve Months Ended December 31, 2013			
	Gray Actual	Acquisitions	Pro forma Adjustments	Gray Pro forma
Net income	\$ 18,288	\$ 27,975	\$ (17,020)	\$ 29,243
Adjustments to reconcile from net income to Broadcast Cash Flow Less Cash Corporate Expenses:				
Depreciation	24,096	8,106	-	32,202
Amortization of intangible assets	336	556	-	892
Non-cash stock based compensation	1,974	-	-	1,974
Gain on disposals of assets, net	765	85	-	850
Miscellaneous income, net	-	1,627	-	1,627
Interest expense	52,445	5,554	17,020	75,019
Loss on early extinguishment of debt	-	-	-	-
Income tax expense	13,147	3,759	-	16,906
Amortization of program broadcast rights	11,367	1,723	-	13,090
Common stock contributed to 401(k) plan excluding corporate 401(k) contributions	28	-	-	28
Network compensation revenue recognized	(615)	-	-	(615)
Network compensation per network affiliation agreement	-	-	-	-
Payments for program broadcast rights	(11,433)	(1,723)	-	(13,156)
Other items	-	728	(1,278)	(550)
Broadcast Cash Flow Less Cash Corporate Expenses; a.k.a. "Adjusted EBITDA"	110,398	48,390	(1,278)	157,510
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock based compensation	17,836	1,273	1,964	21,073
Broadcast Cash Flow	\$ 128,234	\$ 49,663	\$ 686	\$ 178,583
Broadcast Cash Flow Less Cash Corporate Expenses	\$ 110,398	\$ 48,390	\$ (1,278)	\$ 157,510
Pension Expense	8,626	-	-	8,626
Pension Cash Funding	(4,748)	-	-	(4,748)
Other items	(477)	32	10,573	10,128
Operating Cash Flow as defined in the credit agreement	113,799	48,422	9,295	171,516
Less interest expense	(52,445)	(5,554)	(17,020)	(75,019)
Addback amortization of deferred financing	1,903	-	-	1,903
Less capital expenditures, net of insurance proceeds	(23,817)	(557)	(3,000)	(27,374)
Less cash taxes	(519)	-	-	(519)
Addback amortization of original issue discount	(9)	-	-	(9)
Free Cash Flow	\$ 38,912	\$ 42,311	\$ (10,725)	\$ 70,498

Pro Forma Non-GAAP Reconciliation (continued)



	Pro Forma Twelve Months Ended December 31, 2014			
	Gray Actual	Acquisitions	Pro forma Adjustments	Gray Pro forma
Net income	\$ 48,061	\$ 45,282	\$ (3,247)	\$ 90,096
Adjustments to reconcile from net income to				
Broadcast Cash Flow Less Cash Corporate Expenses:				
Depreciation	30,248	3,546	-	33,794
Amortization of intangible assets	8,297	63	-	8,360
Non-cash stock based compensation	5,012	-	-	5,012
Gain on disposals of assets, net	623	(29,477)	-	(28,854)
Miscellaneous income, net	(23)	313	-	290
Interest expense	68,913	3,072	3,247	75,232
Loss on early extinguishment of debt	5,086	-	-	5,086
Income tax expense	31,736	3,101	-	34,837
Amortization of program broadcast rights	12,871	-	-	12,871
Common stock contributed to 401(k) plan	-	-	-	-
excluding corporate 401(k) contributions	25	-	-	25
Network compensation revenue recognized	(456)	-	-	(456)
Network compensation per network affiliation agreement	-	-	-	-
Payments for program broadcast rights	(15,087)	-	-	(15,087)
Other items	-	2,788	-	2,788
Broadcast Cash Flow Less Cash Corporate Expenses; a.k.a. "Adjusted EBITDA"	195,306	28,688	-	223,994
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock based compensation	25,671	1,464	-	27,135
Broadcast Cash Flow	\$ 220,977	\$ 30,152	\$ -	\$ 251,129
Broadcast Cash Flow Less Cash Corporate Expenses	\$ 195,306	\$ 28,688	\$ -	\$ 223,994
Pension Expense	6,126	-	-	6,126
Pension Cash Funding	(6,770)	-	-	(6,770)
Other items	-	-	5,901	5,901
Operating Cash Flow as defined in the credit agreement	194,662	28,688	5,901	229,251
Less interest expense	(68,913)	(3,072)	(3,247)	(75,232)
Add back amortization of deferred financing	2,970	-	-	2,970
Less capital expenditures, net of insurance proceeds	(32,215)	-	-	(32,215)
Less cash taxes	(401)	-	-	(401)
Addback amortization of original issue discount	(863)	-	-	(863)
Free Cash Flow	\$ 95,240	\$ 25,616	\$ 2,654	\$ 123,510



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